55

(2)

No. 06-1155

Supreme Court, U.S.
FILED
MAY 11 2007
OFFICE OF THE CLERK

IN THE

# Supreme Court of the United States

ZOLTEK CORPORATION,

*Petitioner*,

v.

UNITED STATES,

*Respondent*.

**On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit**

## NANOBUSINESS ALLIANCE BRIEF *AMICUS CURIAE* IN SUPPORT OF PETITIONER, ZOLTEK CORPORATION

PHILIP A. NACKE *
FOLEY & LARDNER LLP
3000 K Street, N.W. – Suite 500
Washington, D.C. 20007
(202) 295-4086

* Counsel of Record

*Counsel for Amicus Curiae NanoBusiness Alliance*

WILSON-EPES PRINTING CO., INC. – (202) 789-0096 – WASHINGTON, D. C. 20002

TABLE OF CONTENTS


| | Page |
|---|---|
| THE AMICUS AND ITS INTERESTS | 1 |
| STATEMENT | 2 |
| SUMMARY OF ARGUMENT | 3 |
| ARGUMENT | 4 |
| I. PATENTS ARE PROPERTY RIGHTS PROTECTED BY THE FIFTH AMENDMENT GUARANTEE OF JUST COMPENSATION WHEN APPROPRIATED FOR A PUBLIC USE | 4 |
| II. COURT OF FEDERAL CLAIMS JURISDICTION OVER CLAIMS OF GOVERNMENT APPROPRIATION OF PATENT RIGHTS IS NOT DELIMITED TO THE CIRCUMSTANCES SPELLED OUT IN 28 U.S.C. § 1498(A). RATHER, AS A CONSEQUENCE OF THE TUCKER ACT GRANT OF JURISDICTION OVER CLAIMS FOUNDED UPON THE CONSTITUTION, 28 U.S.C. § 1491(A), ITS JURISDICTION EXTENDS TO ALL CLAIMS INVOLVING CONDUCT THAT CONSTITUTES INFRINGEMENT UNDER 35 U.S.C. § 271 | 16 |
| CONCLUSION | 20 |

# TABLE OF AUTHORITIES

CASES


| | Page |
|---|---|
| *Allen v. Newberry*, 62 U.S. (21 How.) 244 (1859).. | 18 |
| *Booth & Co. v. United States*, 61 Ct. Cl. 805, *rehearing denied*, 62 Ct. Cl. 288 (1926)..... | 13 |
| *Brooks-Scanlon Corp. v. United States*, 265 U.S. 106 (1924)..... | 12, 14 |
| *Cammeyer v. Newton*, 94 U.S. 225 (1877)..... | 5 |
| *Crozier v. Fried. Krupp Aktiengesellschaft*, 224 U.S. 290 (1912) ..... | 11 |
| *Dooley v. United States*, 182 U.S. 222 (1901)..... | 15 |
| *Fonalledas v. United States*, 107 F. Supp. 1019, 123 Ct. Cl. 483 (1952)..... | 15 |
| *Foster v. United States*, 98 F. Supp. 349, 120 Ct. Cl. 93 (1951)..... | 15 |
| *Hill v. United States*, 149 U.S. 593 (1893).....7, 8, 10, 15 | |
| *Hollister v. Benedict & Burnham Mfg. Co.*, 113 U.S. 59 (1885) ..... | 5, 7 |
| *Jackson v. Steamboat Magnolia*, 61 U.S. (20 How.) 296 (1858) ..... | 18 |
| *Jacobs v. United States*, 290 U.S. 13 (1933)..... | 13-14, 20 |
| *James v. Campbell*, 104 U.S. 356 (1882)..... | 5 |
| *Johnson v. United States*, 2 Ct. Cl. 391 (1866) ..... | 6 |
| *Langford v. United States*, 101 U.S. 341 (1879) ... | 6 |
| *Langford v. United States*, 12 Ct. Cl. 338 (1876).. | 6 |
| *Liggett & Myers Tobacco Co. v. United States*, 274 U.S. 215 (1927) ..... | 12, 14 |
| *McKeever v. United States*, 18 Ct. Cl. 745 (U.S. 1882)..... | 5 |
| *McKeever v. United States*, 14 Ct. Cl. 396 (Dec. Term 1878) ..... | 5 |
| *Phelps v. United States*, 274 U.S. 341 (1927) ...13, 14, 20 | |
| *Phelps v. United States*, 61 Ct. Cl. 1044, *rehearing denied*, 62 Ct. Cl. 288 (1926)..... | 13 |
| *Preseault v. ICC*, 494 U.S. 1 (1990)..... | 20 |

TABLE OF AUTHORITIES—Continued

Page

*Propeller Genesee Chief v. Fitzhugh*, 53 U.S. (12 How.) 443 (1852) ..... 18, 19, 20
*Ruckelshaus v. Monsanto Co.*, 467 U.S. 986 (1984) ..... 20
*Russell v. United States*, 182 U.S. 516 (1901) ..... 7, 8
*Schillinger v. United States*, 155 U.S. 163 (1894). *passim*
*Schillinger v. United States*, 24 Ct. Cl. 278 (1889) ..... 8-9
*Seaboard Airline Ry. v. United States*, 261 U.S. 299 (1923) ..... 12-13, 14
*Steamboat Orleans v. Phoebus*, 36 U.S. (11 Pet.) 175 (1837) ..... 17
*Steamboat Thomas Jefferson*, 23 U.S. (10 Wheat.) 428 (1825) ..... 17, 18
*Tempel v. United States*, 248 U.S. 121 (1918) ..... 7, 8, 15
*The Eagle*, 75 U.S. (8 Wall.) 15 (1869) ..... 19
*The Hine v. Trevor*, 71 U.S. (4 Wall.) 555 (1867). 18
*United States v. Berdan Firearms Mfg. Co.*, 156 U.S. 552 (1895) ..... 8
*United States v. Causby*, 328 U.S. 256 (1946) ..... 10, 14-15, 20
*United States v. Cress*, 243 U.S. 316 (1917) ..... 11
*United States v. Dickinson*, 331 U.S. 745 (1947) .. 15
*United States v. Great Falls Mfg. Co.*, 112 U.S. 645 (1884) ..... 6-7, 10
*United States v. Grizzard*, 219 U.S. 180 (1911) .... 11
*United States v. Jones*, 131 U.S. 1 (1889) ..... 7
*United States v. Lee*, 106 U.S. 196 (1882) ..... 5
*United States v. Lynah*, 188 U.S. 445 (1903) ..... 8, 11
*United States v. Mitchell*, 463 U.S. 206 (1983) ..... 7
*United States v. North American Transp. & Trading Co.*, 253 U.S. 330 (1920) ..... 11-12, 15
*United States v. Palmer*, 128 U.S. 262 (1888) ..... 8, 10

TABLE OF AUTHORITIES—Continued


| | Page |
|---|---|
| *United States v. Welch*, 217 U.S. 333 (1910) | 11 |
| *Waite v. United States*, 282 U.S. 508 (1931) | 14 |
| *William Cramp & Sons Ship & Engine Bldg. Co. v. International Curtis Marine Turbine Co.*, 246 U.S. 28 (1918) | 11 |
| **RULES** | |
| Supreme Court Rule 37.2 | 1 |
| Supreme Court Rule 37.6 | 1 |
| **CONSTITUTIONAL PROVISIONS** | |
| U.S. CONST., Article III, section 2 | 17 |
| U.S. CONST., Amendment V, Just Compensation Clause | *passim* |
| **STATUTES** | |
| 28 U.S.C. § 1346(a)(2) | 7 |
| 28 U.S.C. § 1491(a) | 7, 16, 17, 20 |
| 28 U.S.C. § 1498(a) | 2, 4, 16, 17, 19 |
| 28 U.S.C. § 1498(c) | 2 |
| 35 U.S.C. § 154(a) | 2 |
| 35 U.S.C. § 271(a) & (g) | 2, 16, 20 |
| 35 U.S.C. § 281 | 2 |
| Act of Sept. 24, 1789 ("Judiciary Act of 1789"), ch. 20, § 9, 1 Stat. 77 | 17, 18, 19 |
| Act of Feb. 26, 1845, ch. 20, 5 Stat. 726 | 17-18, 19, 20 |
| Act of Feb. 24, 1855, ch. 122, 10 Stat. 612 | 6 |
| Act of March 3, 1883 ("Bowman Act"), ch. 116, 22 Stat. 485 | 9 |
| Act of March 3, 1887 ("Tucker Act"), ch. 359, 24 Stat. 505 | *passim* |
| Act of June 25, 1910 ("1910 Patent Act"), ch. 423, 36 Stat. 851 | *passim* |
| Act of June 25, 1948, ch. 646, 62 Stat. 940 (28 U.S.C. § 1491) | 15 |

TABLE OF AUTHORITIES—Continued

CONGRESSIONAL MATERIALS — Page

H.R. Misc. Doc. No. 108, 49th Cong., 1st Sess. (Feb. 9, 1886) ..... 9
H.R. Rep. No. 1077, 49th Cong., 1st Sess. (Mar. 17, 1886) ..... 7
H.R. Rep. No. 1986, 49th Cong., 1st Sess. (Apr. 27, 1886) ..... 9
H.R. Rep. No. 1288, 61st Cong., 2nd Sess. (May 7, 1910) ..... 11
S. Rep. No. 1459, 49th Cong., 1st Sess. (July 7, 1886) ..... 9
45 Cong. Rec. 8759, 8769, 8780 (June 22, 1910) .. 10, 11

OTHER AUTHORITIES

Philip Nichols, Jr. *in* THE UNITED STATES COURT OF CLAIMS – A HISTORY, Part II (1978) ..... 6

NanoBusiness Alliance, with the consent of both parties, submits this brief *amicus curiae* pursuant to Rule 37.2 of the Rules of this Court in support of the petition for a writ of certiorari filed by Zoltek Corporation.[1]

## THE AMICUS AND ITS INTERESTS

The NanoBusiness Alliance is a non-profit organization that acts as the trade association for the emerging nanotechnology industry within the United States. The Alliance has over 300 members, the majority of whom are small to medium sized entrepreneurs and innovators, but membership also includes Fortune 500 businesses, research institutions, and non-governmental organizations. The Alliance seeks to shape nanotechnology policy and to help accelerate the commercialization of nanotechnology innovations through its engagement with lawmakers and with financial analysts, investors, and bankers.

Nanotechnology is primarily an enabling technology that provides new ways of making existing products from the "bottom up." Process or method patents are a significant means relied upon by members of the Alliance to protect their nano-related intellectual property. The Federal Circuit's decision severely undermines these protections by allowing the United States government and its contractors to escape liability for infringement of method claims in United States patents if use of the claimed method is outsourced to a foreign country. In view of the many possible applications for use of nanotechnology (for example, industrial materials, electronics, pharmaceuticals), *amicus* is vitally interested in seeing that patent rights are fully protected from government appropriation and, thus, urges this Court to intervene and correct the ruling below.

---

[1] In accordance with Rule 37.6, this brief is not authored in whole or in part by counsel for any party. No person or entity other than *amicus curiae* and its counsel made any monetary contribution to the preparation or submission of this brief.

## STATEMENT

A patentee's property rights are spelled out in 35 U.S.C. § 154(a). Acts constituting infringement of those rights are identified at 35 U.S.C. § 271, for which a remedy is extended at 35 U.S.C. § 281. Should the infringement be accomplished by the United States or for the United States, with its authorization or consent, a remedy is provided at 28 U.S.C. § 1498(a). Sections 271 and 1498(a) are not coextensive. Excluded from the language of section 1498(a) are selling, offering to sell and importing into the United States of a patented invention and importation into the United States and offering to sell, selling, or using within the United States a product made from a process patented in the United States. *Compare* 28 U.S.C. § 1498(a) *with* 35 U.S.C. § 271(a) & (g).

Petitioner Zoltek's process patent was used for the benefit of the United States by a government contractor and subcontractors in a foreign country. Consequently, the trial court found that it had no jurisdiction over Zoltek's claim under section 1498(a) by reason of the operation of 28 U.S.C. § 1498(c). Products resulting from use of the patented process were then imported into the United States and used by and for the United States. On that account, the trial court reasoned that Zoltek may have a claim for infringement under section 271(g). Recognizing that this Court, the Federal Circuit, and the Court of Claims have characterized government infringement of a patent as a taking of property that entitles the aggrieved patentee to just compensation, the Court of Federal Claims ("COFC") held that a claim for section 271(g) infringement could be pursued as a Fifth Amendment taking under the court's 28 U.S.C. § 1491(a) ("Tucker Act") jurisdiction.

On appeal the Federal Circuit reversed that holding. It ruled that a patentee's remedy against the United States was limited solely to the circumstances described in section 1498(a). According to the appeals court, there could be no section 1491(a) jurisdiction because patent rights are not

constitutionally protected property entitled to the guarantee of the Just Compensation Clause of the Fifth Amendment. To support that conclusion, the court relied upon (i) *Schillinger v. United States*, 155 U.S. 163 (1894), wherein the Court observed that the Tucker Act grant of jurisdiction over claims founded upon the Constitution did not extend to claims founded upon a tort; and (ii) the fact that subsequently Congress provided patentees with a remedy for government infringement by separate enactment, Act of June 25, 1910, ch. 423, 36 Stat. 851, action that in the court's view would have been unnecessary if patents were property embraced within the protections of the Just Compensation Clause.

## SUMMARY OF ARGUMENT

Patents are constitutionally protected property interests entitled to the full protections of the Fifth Amendment. The Federal Circuit's suggestion otherwise conflicts with well over 100 years of precedent wherein the status of patent rights has been recognized.

The Federal Circuit's employment of *Schillinger* to achieve its result betrays a serious lack of attention to this Court's development of the law since 1894 as respects the bounds of Tucker Act jurisdiction. That which is now the accepted view regarding jurisdiction over claims founded upon the Constitution was not recognized then. In 1894, Tucker Act jurisdiction over a claim for compensation for government appropriation of property, whether realty or a patent, could be sustained only on the basis of an implied in fact contract. The implied in fact contract fiction now has been discarded by this Court in favor of the plain language of the Tucker Act ("claims founded upon the Constitution") to establish jurisdiction over Fifth Amendment takings.

The evolution in the basis for takings claim jurisdiction, which took place roughly from 1929 to 1946, occurred without reference to patent rights, not because patents were deemed outside the protections of the Fifth Amendment but for the simple reason that Congress in 1910 enacted separate

legislation for the benefit of patent owners to ameliorate the effect of decisions such as *Schillinger*. That fact, however, does not mean that patentees thereby lost the protections of the Fifth Amendment. The 1910 legislation (now section 1498(a)) was intended to be auxiliary to and in aid of the jurisdiction supplied by the Tucker Act in light of the then constrained judicial view that takings claims were cognizable only as implied contract actions. When at last the true jurisdictional reach of the Tucker Act was enunciated, the 1910 act became, effectively, a vestigial remain to the extent of overlap with the Tucker Act, because the original purpose of the 1910 act became encompassed within the broader understanding of Tucker Act jurisdiction. In such circumstances, the rules of decision in this Court are that the operation of the general statute, the Tucker Act, will not be limited or restricted by the special statute, the 1910 act.

As no other appellate court besides the Federal Circuit entertains jurisdiction over the Tucker Act and section 1498, only this Court can remedy the Federal Circuit's error. Accordingly, this Court should grant the petition for *certiorari*.

## ARGUMENT

### I. PATENTS ARE PROPERTY RIGHTS PROTECTED BY THE FIFTH AMENDMENT GUARANTEE OF JUST COMPENSATION WHEN APPROPRIATED FOR A PUBLIC USE.

The *per curiam* majority of the Federal Circuit misconstrued the *Schillinger* opinion of this Court (155 U.S. 163 (1894)) and erroneously concluded that a rule of law was announced to the effect that government infringement of patent rights is never compensable as a Fifth Amendment taking. Pet. App. A8-A11. Moreover, it compounded the error by disparaging the legal status of patent rights, in the face of 130 years of precedent to the contrary. Pet. App. A11; *see id.* at A35-A36 (Gajarsa, J., concurring). The appeals court's error was facilitated by a failure to consider the historical development of the basis for jurisdiction over

takings claims against the United States. Had it delved into the matter, it would have found that the view expressed in *Schillinger*, to which it accorded such weight, also was commonplace during that era in cases involving real property. All takings, irrespective of the subject matter taken, were torts over which the Court of Claims had no jurisdiction. But that view's currency waned over the ensuing 50 years and it ultimately was interred. An appreciation of Court of Claims jurisdiction over takings claims, and the evolution thereof over time, is essential to a just and principled resolution of the protections afforded patentees upon government appropriation of their patents. Once acquired, that understanding leads inexorably to the conclusion that patents are property rights protected by the Fifth Amendment guarantee of just compensation when appropriated for a public use.

Prior to 1887, the Supreme Court acknowledged in several opinions that a taking by the United States of a citizen's real property or personal property obligated the United States to provide the owner with just compensation on the basis that the Constitution so commanded. *E.g., United States v. Lee*, 106 U.S. 196, 259 (1882). With specific respect to patents, the Court, in at least three opinions, observed that unauthorized government use of a patent amounted to an exercise of the power of eminent domain and entitled the patentee to just compensation. *Cammeyer v. Newton*, 94 U.S. 225, 234-35 (1877); *James v. Campbell*, 104 U.S. 356, 357-58 (1882); *Hollister v. Benedict & Burnham Mfg. Co.*, 113 U.S. 59, 67 (1885). *See also McKeever v. United States*, 14 Ct. Cl. 396, 420-21 (December Term, 1878), *aff'd without opinion*, 18 Ct. Cl. 745 (U.S. 1882). The rub, however, whether the property interest was realty or a patent, was that Congress had not granted jurisdiction to any court to hear such takings claims, because it had not waived the government's sovereign immunity. *See, e.g., James v. Campbell*, 104 U.S. 356, 358-59 (1882).

Nonetheless, Congress had created the Court of Claims in 1855 and given it jurisdiction over claims against the United States founded upon contract, whether express or implied. Act of Feb. 24, 1855, ch. 122, § 1, 10 Stat. 612. A taking though had no common law predicate in contract. If the government were analogized to a private individual, the government action constituting a taking would amount to a tort, either an action in trespass (real property) or an action on the case (patent infringement). Thus, to entertain jurisdiction over a takings claim, the Court of Claims adopted the fiction of implied contract. *See Johnson v. United States*, 2 Ct. Cl. 391, 415-16 (1866). The implied promise was that found in the Just Compensation Clause of the Fifth Amendment of the Constitution, whether implied in fact or in law.

The Supreme Court reigned in this exercise of jurisdiction in *Langford v. United States*, 101 U.S. 341 (1879), a suit for compensation for the taking of real property. Although the Court of Claims had found against the claimant on the merits (12 Ct. Cl. 338 (1876)), upon his appeal to the Supreme Court, the government prevailed upon the Court to dispose of the case on the basis of lack of jurisdiction. Throughout the dispute, the United States had contested Langford's title, and, prior to suing in the Court of Claims, Langford had brought an ejectment action in territorial court against the government officer occupying the property. Accordingly, on those facts there could be no implied in fact contract. "In such case the government, or the officers who seize such property, are guilty of a tort, if it be in fact private property." 101 U.S. at 344. The Court of Claims' jurisdiction being confined to contract, it had no jurisdiction to entertain the claim.[2]

Yet, five years later in *United States v. Great Falls Manufacturing Co.*, 112 U.S. 645 (1884), the Court approved of the

---

[2] *Langford* has since been understood for the proposition that the Court of Claims' implied contract jurisdiction extended only to contracts implied in fact and not to contracts implied in law. Philip Nichols, Jr., *in* THE UNITED STATES COURT OF CLAIMS – A HISTORY, Part II, at 40 (1978).

exercise of Court of Claims jurisdiction in a takings case, where (i) the government did not dispute the claimant's title, (ii) the government activity was authorized by Congress, and (iii) the claimant had made no attempt to remove the federal presence from the property at issue. The accepted basis of Court of Claims jurisdiction was an implied in fact contract. *Id.* at 656-57 Shortly afterwards, the rationale of *Great Falls Mfg.* was declared applicable in the patent context. *Hollister v. Benedict & Burnham Mfg. Co.*, 113 U.S. 59, 67 (1885).

At this juncture, Congress enacted the Tucker Act of 1887 to expand the jurisdiction of the Court of Claims, by, among other things, giving it cognizance over suits against the United States arising under the Constitution.[3] Act of Mar. 3, 1887, ch. 359, § 1, 24 Stat. 505, *codified, as amended, at* 28 U.S.C. §§ 1346(a)(2), 1491(a)(1). In modern parlance, the money mandating provision of the Constitution that creates a substantive right enforceable against the United States under the Tucker Act is the Just Compensation Clause of the Fifth Amendment, which provides that private property shall not be taken by the federal government except upon payment of just compensation. *See United States v. Mitchell*, 463 U.S. 206, 216-218 (1983). This grant of jurisdiction, however, would go unheeded by a majority of the Supreme Court for at least 40 years. Beginning with *United States v. Jones*, 131 U.S. 1, 16 (1889) and continuing through *Hill v. United States*, 149 U.S. 593, 598 (1893), *Schillinger v. United States*, 155 U.S. 163 (1894), *Russell v. United States*, 182 U.S. 516 (1901), *and Tempel v. United States*, 248 U.S. 121, 130 (1918), the Court persisted in reading the Tucker Act as nothing more than a reiteration of the Court of Claims' original jurisdic-

---

[3] The House Judiciary Committee, in reporting the bill that would become the Tucker Act, stated: "The jurisdiction of the Court of Claims is extended by engrafting . . . the following additional subjects of jurisdiction: (a) 'Claims founded upon the Constitution of the United States,' such as for just compensation for property taken for public use, &c." H.R. Rep. No. 1077, 49th Cong., 1st Sess., at 4 (Mar. 17, 1886).

tional grant of 1855. Thus, as put in *Schillinger,* "[s]ome element of contractual liability must lie at the foundation of every action." 155 U.S. at 167.

Consequently, when the government did not challenge title or assert a superior interest (such as its navigational servitude) in the property, Tucker Act jurisdiction was sustained on the basis of implied contract. *E.g., United States v. Lynah,* 188 U.S. 445, 458, 464-68 (1903). Or, as emphasized in suits involving patent rights, an implied contract for compensation would arise (i) when the government used the patent with the patentee's consent and with an expectation on the patentee's part of receiving a reasonable compensation, *United States v. Palmer,* 128 U.S. 262, 269 (1888); or (ii) where there was no denial of the patentee's rights to the invention, no assertion by the government that the patent was wrongfully issued, no claim of a right to use the invention regardless of the patent, and no use in spite of protest or remonstrance on the part of the patentee, *United States v. Berdan Firearms Mfg. Co.,* 156 U.S. 552, 567-69 (1895). But, when the government disputed title, asserted a superior interest in the property, or denied the validity of a patent, there could be no implied contract and hence no jurisdiction. *Hill v. United States,* 149 U.S. 593 (1893) (realty); *Schillinger v. United States,* 155 U.S. 163 (1894) (patent); *Russell v. United States,* 182 U.S. 516 (1901) (patent); *Tempel v. United States,* 248 U.S. 121 (1918) (realty). In such circumstances, "[i]f the government's claim is unfounded, a property right of plaintiff was violated; but the cause of action therefor is one sounding in tort; and for such the Tucker Act affords no remedy." *Tempel,* 248 U.S. at 130.

In view of the significance accorded it below, a brief review of the *Schillinger* litigation is in order at this point. Suit was commenced in the Court of Claims on March 22, 1887.[4]

---

[4] Assignees of Schillinger (Creecy, *et al.*) initially had petitioned Congress for relief. The House Committee on Patents, March 25, 1884, re-

24 Ct. Cl. at 279. Plaintiffs proceeded on a theory of implied contract. *Id.* at 288-91. Noting that the facts before it were ths same as had been presented under the Bowman Act referral, the court concluded that those facts supported a claim for infringement, a tort, not a claim of implied contract. There never had been an acknowledgement of the validity of the patent; the acts of the government officials were openly adverse to the patentee's rights. *Id.* at 293, 298. Accordingly, jurisdiction was found lacking. There was no attempt by plaintiffs to base jurisdiction upon the Tucker Act grant of jurisdiction over claims founded upon the Constitution.

On appeal, the Supreme Court, per Justice Brewer, affirmed, with Justices Harlan and Shiras dissenting. *Schillinger v. United States*, 155 U.S. 163 (1894). While there is no indication that the petitioners changed their argument regarding the jurisdictional basis for suit, from implied contract to a claim founded upon the Constitution, the majority nonetheless chose to discuss the Tucker Act grant of jurisdiction over claims founded upon the Constitution, no doubt as a riposte to Justice Harlan's dissent. *Compare* 155 U.S. at 168 *with id.* at 179. According to Justice Brewer, this grant of jurisdiction was ineffective to support jurisdiction over a takings claim because a taking was a tort. The "rule" as so expressed applied to all takings claims, not just those involving patent rights, as

---

ferred the matter to the Court of Claims under the Bowman Act (Act of Mar. 3, 1883, ch. 116, 22 Stat. 485) for an investigation of the claim and a report upon the facts. The court transmitted its report to the House of Representatives on February 6, 1886, finding *inter alia* that the Schillinger patent was valid and that it had been infringed by the contractor retained by the Architect of the Capitol. H.R. Misc. Doc. No. 108, 49th Cong., 1st Sess., at 2 (Feb. 9, 1886). Ensuing congressional consideration led to a rejection of the Court of Claims' findings of fact, primarily in reliance upon a subsequent decision of the supreme court of the District of Columbia which also addressed the validity of the Schillinger patent. H.R. Rep. No. 1986, 49th Cong., 1st Sess. (Apr. 27, 1886) (House Comm. on Patents); S. Rep. No. 1459, 49th Cong., 1st Sess. (July 7, 1886) (Senate Comm. on Claims).

was made plain by the reference to the recently decided *Hill* case. *Id.* at 168. A takings claim was cognizable only if an implied contract could be sustained, such as had been the situation in the *Palmer* and *Great Falls Mfg. Co.* cases. *Id.* at 169-71. Justice Harlan disagreed: "[T]he claim to have just compensation for an appropriation of private property to the public use is 'founded upon the constitution of the United States.' It is none the less a claim of that character even if the appropriation had its origin in tort." *Id.* at 179. The Harlan view ultimately prevailed, but only after the passage of another 50 years. *See United States v. Causby*, 328 U.S. 256, 267 (1946).

Meanwhile, faced with judicial disregard of the Tucker Act's expanded grant of jurisdiction over claims founded upon the Constitution, Congress stepped in to provide an explicit grant of jurisdiction over claims for compensation for unlicensed use of a United States patent by the federal government. Act of June 25, 1910, ch. 423, 36 Stat. 851 ("1910 Patent Act"). One may question why such an explicit grant was necessary with respect to patents and not realty. The answer is provided by the nature of the property interest, a patent being intangible in nature, and the difficulty of establishing the requisite facts to support an implied in fact contract, notably the fact that determinations of validity in the first instance often were made by government employees utilizing the patented invention and those employees were reluctant to commit the government to a compensation obligation. *See, e.g.*, 45 Cong. Rec. 8759 (June 22, 1910) (Letter of Brigadier-General William Crozier, Chief of Ordnance, in support of H.R. 24649, which became the Act of June 25, 1910). With respect to real property, the situations were far fewer in number where the government could set up a competing interest in the property at issue that would defeat jurisdiction, and questions such as those implicated in a determination of patent validity were not present. Thus, the mere act of appropriation of real property usually sufficed to

imply an agreement to make compensation. *See id.* at 8769 (excerpts of report of the American Bar Association Committee on Patent Law in support of H.R. 24649). Therefore, courts could comfortably accommodate the great majority of takings claims involving real property under the implied in fact contract rationale. *See, e.g., United States v. Lynah,* 188 U.S. 445 (1903); *United States v. Welch*, 217 U.S. 333 (1910); *United States v. Grizzard*, 219 U.S. 180 (1911); *United States v. Cress*, 243 U.S. 316 (1917), each being a takings claim under the Tucker Act.

The 1910 Patent Act was grounded in the Fifth Amendment guarantee that private property shall not be taken for public use except upon payment of just compensation. Congress so believed,[5] and this Court so declared in *Crozier v. Fried. Krupp Aktiengesellschaft*, 224 U.S. 290, 307 (1912) ("[W]e think there is no room for doubt that the statute makes full and adequate provision for the exercise of the power of eminent domain . . . ."). *See also id.* at 305, 308. This view of the 1910 Act was reaffirmed by the Court in *William Cramp & Sons Ship & Engine Bldg. Co. v. International Curtis Marine Turbine Co.*, 246 U.S. 28, 44 (1918).

With respect to real property, however, the Court eschewed any reference to eminent domain or the Fifth Amendment and continued to ground Tucker Act jurisdiction in the implied in fact contract fiction. *See United States v. North American*

---

[5] *See* H.R. Rep. No. 1288, 61st Cong., 2nd Sess., at 1 ("When the United States issues a patent to an inventor he takes an absolute and exclusive property right in that invention, which, under the Constitution, can no more be taken away from him without compensation than can his house."), 2 ("The United States can not be sued except where it has consented thereto by statute, and unless this or some similar bill shall be passed the owners of patents will continue to be the only persons who are outside the protection of the fifth amendment to the Constitution, which provides: 'Nor shall private property be taken for public use without just compensation.'") (May 7, 1910). *See also* 45 Cong. Rec. 8769 (remarks of Congressman Currier), 8780 (remarks of Congressman Dalzell) (June 22, 1910).

*Transportation & Trading Co.*, 253 U.S. 330, 335 (1920) (holding with respect to a claim for compensation for a placer mining claim that "[t]he right to bring this suit against the United States in the Court of Claims is not founded upon the Fifth Amendment but upon the existence of an implied contract . . ."). The issue in *North American Transportation & Trading Co.* that precipitated the above-quoted passage concerning the basis of jurisdiction in a takings case was entitlement *vel non* to interest as damages for delay in payment of just compensation. Subsequent litigation of this issue served as the vehicle by which the Court reassessed its position regarding Court of Claims jurisdiction over claims founded upon the Constitution, leading ultimately to enunciation of the law as we know it today.

Throughout the 1920s, a number of cases growing out of World War I requisitions came before the Court in which property owners sought interest in addition to award of the taken properties' fair market value at the time of taking. The United States resisted payment of interest on the authority of the prevailing general rule that the United States was exempt from payment of interest on unpaid claims unless it had contracted to pay the interest or a statute provided for interest. An implied in fact contract, then the basis for Tucker Act takings jurisdiction, contained no promise to pay interest. Beginning with *Seaboard Airline Ry. v. United States*, 261 U.S. 299 (1923) and continuing through *Brooks-Scanlon Corp. v. United States*, 265 U.S. 106 (1924) and *Liggett & Myers Tobacco Co. v. United States*, 274 U.S. 215 (1927), awards of interest were found due and proper. The takings in each instance had been accomplished under authority of legislation specifying that the property owner should be paid "just compensation." Hence, the general rule upon which the government relied was found not applicable. "Just compensation is provided for by the Constitution and the right to it cannot be taken away by statute." *Seaboard Airline Ry.*, 261 U.S. at 304.

> The requirement that "just compensation" shall be paid is comprehensive and includes all elements and no specific command to include interest is necessary when interest or its equivalent is a part of such compensation.

*Id.* at 306.

Next to come before the Court were claims of property owners whose interests had been appropriated for the war effort under authorizing legislation that did not employ the magic words "just compensation" nor otherwise specify any procedures to be followed in determining or seeking recompense. These suits were brought before the Court of Claims under the general jurisdictional grant of the Tucker Act. Awards of compensation were made but without interest, because at that time the Tucker Act predicate for jurisdiction over a takings claim continued to be implied contract. *Booth & Co. v. United States*, 61 Ct. Cl. 805 (1926) and *Phelps v. United States*, 61 Ct. Cl. 1044 (1926), *rehearing denied*, 62 Ct. Cl. 288 (1926). On writ of *certiorari*, this Court reversed and awarded interest. *Phelps v. United States*, 274 U.S. 341 (1927). The government again relied upon the argument that no contract or statute provided for interest. The Court determined that jurisdiction over the claim was pursuant to the Tucker Act and specifically the grant of jurisdiction to hear claims founded upon the Constitution. Under the Fifth Amendment, one is entitled to just compensation, and just compensation encompasses interest on any deficiency from the time of taking to the time of satisfaction of the deficiency.

*Phelps* was reaffirmed in *Jacobs v. United States*, 290 U.S. 13 (1933). Unlike *Phelps* which had its derivation in a particularized war requisition statute, *Jacobs* dealt with a taking of the more commonplace variety resulting from overflow of lands caused by construction of a dam. Suit was brought in district court under the concurrent jurisdiction provisions of the Tucker Act. The district court awarded interest as part of just compensation. The appeals court reversed the interest award based on a distinction between government-initiated

condemnation suits and Tucker Act suits which it held were founded upon an implied contract. The Supreme Court, per Chief Justice Hughes, reversed.

> This ruling cannot be sustained. The suits were based on the right to recover just compensation for property taken by the United States for public use in the exercise of its power of eminent domain. That right was guaranteed by the Constitution. The fact that condemnation proceedings were not instituted and that the right was asserted in suits by the owners did not change the essential nature of the claim. The form of the remedy did not qualify the right. It rested upon the Fifth Amendment. Statutory recognition was not necessary. A promise to pay was not necessary. Such a promise was implied because of the duty to pay imposed by the amendment. The suits were thus founded upon the Constitution of the United States.

290 U.S. at 16.[6]

Subsequent decisions further underscored that takings claim jurisdiction is grounded in the first branch of jurisdiction enumerated in the Tucker Act—claims founded upon the Constitution—and that tort versus implied contract considerations are no longer determinative of jurisdiction when the Fifth Amendment guarantee of just compensation is invoked. In *United States v. Causby*, 328 U.S. 256 (1946), the government contested jurisdiction arguing that it had not recognized

---

[6] Between *Phelps* and *Jacobs*, the Court decided *Waite v. United States*, 282 U.S. 508 (1931), a suit under the 1910 Patent Act, as amended, which presented the question whether a patentee was entitled to interest on his award of compensation. The Court held that he was, based on the words of the statute which granted "reasonable and entire compensation for such use." Cited in support were *Seaboard Airline Ry.*, *Brooks-Scanlon Corp.*, *Liggett & Myers*, and *Phelps*. Inasmuch as entitlement to interest in the absence of a statute or contract term could only derive from the constitutional command of "just compensation," the *Waite* decision unquestionably confirmed that government appropriation of a patent is a taking of constitutionally protected property, which upon occurrence entitles the patentee to just compensation.

a property right in plaintiff (hence no implied contract) and that, to the extent its actions were wrongful, they were trespasses over which the Court of Claims had no jurisdiction. This contention was rejected—"We need not decide whether repeated trespasses might give rise to an implied contract. If there is a taking, the claim is 'founded upon the Constitution' and within the jurisdiction of the Court of Claims to hear and determine."[7] 328 U.S. at 267. *See also United States v. Dickinson*, 331 U.S. 745, 748 (1947) ("[T]he claim traces back to the prohibition of the Fifth Amendment . . . . The Constitution is 'intended to preserve practical and substantial rights, not to maintain theories.'"). The Court of Claims fully comprehended this revised interpretation of the basis for its takings claim jurisdiction. *See Foster v. United States*, 98 F. Supp. 349, 351-52, 120 Ct. Cl. 93 (1951); *Fonalledas v. United States*, 107 F. Supp. 1019, 1022, 123 Ct. Cl. 483 (1952).

The legal guideposts have been established. The appeals court, however, could not discern the path that they mark. While *Schillinger* may never have been explicitly overruled, neither have *Hill*, *Tempel* or *North American Transportation & Trading Co.* Yet no one today would posit that jurisdiction over a real property takings claim must be sustained on the basis of implied contract or else be dismissed for want of jurisdiction as a tort. Nonetheless that is the logical though unstated result that follows from the Federal Circuit's decision. The owner of constitutionally protected property is

---

[7] *Causby* thus resolved the reach of the limiting clause—"in cases not sounding in tort"—found in the Tucker Act, which question previously had occupied the Court. *E.g., compare Schillinger*, 155 U.S. at 169 *with Dooley v. United States*, 182 U.S. 222, 224 (1901). That clause refers only to the immediately preceding category of claims, "actions for damages, liquidated or unliquidated," and has no application to the other enumerated categories of claims, including those founded upon the Constitution. Congress obviously agreed, because two years later, when enacting title 28 into positive law, section 1491 was subdivided into five numbered subparts, and the clause "in cases not sounding in tort" was appended solely to the fifth subpart. Act of June 25, 1948, ch. 646, 62 Stat. 940.

entitled to just compensation when the government appropriates his property. He may bring his claim under the Tucker Act as one founded upon the Constitution. Patents are constitutionally protected property, just as is real estate. This Court should grant the petition and confirm the patent owner's entitlement to seek just compensation under 28 U.S.C. § 1491(a).

## II. COURT OF FEDERAL CLAIMS JURISDICTION OVER CLAIMS OF GOVERNMENT APPROPRIATION OF PATENT RIGHTS IS NOT DELIMITED TO THE CIRCUMSTANCES SPELLED OUT IN 28 U.S.C. § 1498(A). RATHER, AS A CONSEQUENCE OF THE TUCKER ACT GRANT OF JURISDICTION OVER CLAIMS FOUNDED UPON THE CONSTITUTION, 28 U.S.C. § 1491(A), ITS JURISDICTION EXTENDS TO ALL CLAIMS INVOLVING CONDUCT THAT CONSTITUTES INFRINGEMENT UNDER 35 U.S.C. § 271.

The *per curiam* majority of the Federal Circuit found support for its conclusion that patent rights lie beyond the pale of the Fifth Amendment, and for the consequent conclusion that a patentee's judicial recourse against the United States is set forth and limited by the terms of 28 U.S.C. § 1498, in the fact that Congress enacted the 1910 Patent Act. Pet. App. A8-A9, A-11. The appeals court majority offered no reasoned reconciliation of the Tucker Act and the 1910 Patent Act, but opined only that if it were to interpret section 1491(a) like the trial judge or the dissenting panel member, section 1498(a) would be rendered superfluous. *Id.* at A10, A11. *But see id.* at C31-C34. Nonetheless, inherent in the lower court's determination to limit a patentee's judicial recourse solely to section 1498 lurks the application of certain principles of statutory construction: either the preference for the specific statute over the more general one or for the later enacted statute over the earlier one. Neither principle is suited for application in the present case. To apply them, as the Federal Circuit did *sub silentio*, only exalts abstract prin-

ciples over the congressional purpose and intent that animated the 1910 Patent Act. Correction by this Court is necessary.

Reconciliation of sections 1491(a) and 1498(a) must account for the peculiar circumstances attending their respective enactments and evolving judicial interpretations over an extended time. Truly analogous situations are rare. Nonetheless, a striking parallel can be found in the Supreme Court's evolving views during the nineteenth century of federal admiralty and maritime jurisdiction under section 9 of the Judiciary Act of 1789, culminating in a determination that an 1845 act of Congress, enacted for the specific purpose of expanding admiralty and maritime jurisdiction, was obsolete, since it was no longer necessary once the Court had arrived at a true interpretation of the grant of jurisdiction given by the 1789 act.

Article III, section 2 of the Constitution specifies that "the [federal] judicial power shall extend . . . to all cases of admiralty and maritime jurisdiction." In furtherance thereof, Congress in the Judiciary Act of 1789 provided the district courts with an explicit and detailed grant of admiralty and maritime jurisdiction. Act of Sept. 24, 1789, ch. 20, § 9, 1 Stat. 77 (the "1789 Act"). Thereafter, this Court went about delineating the bounds of admiralty and maritime jurisdiction. In *Steamboat Thomas Jefferson*, 23 U.S. (10 Wheat.) 428 (1825), an action arising out of commerce on inland, western rivers, Justice Story adopted the English view that admiralty and maritime jurisdiction was confined to the high seas and waters within the ebb and flow of the tide. This jurisdictional ruling was reaffirmed in *Steamboat Orleans v. Phoebus*, 36 U.S. (11 Pet.) 175 (1837).

Cognizant of the burgeoning commerce conducted on the Great Lakes as well as of the limited scope of admiralty and maritime jurisdiction announced in *The Thomas Jefferson*, Congress acted to extend the district courts' admiralty jurisdiction in certain classes of cases involving vessels of a certain size engaged in interstate commerce upon the Great

Lakes and the navigable waters connecting them. Act of Feb. 26, 1845, ch. 20, 5 Stat. 726 (the "1845 Act"). The constitutionality of this act came before the Court in *Propeller Genesee Chief v. Fitzhugh*, 53 U.S. (12 How.) 443 (1852), an action arising out of a collision on Lake Ontario. In response to a challenge to the lower court's jurisdiction under the 1845 Act, Chief Justice Taney revisited the territorial scope of admiralty and maritime jurisdiction. The rule laid down in *The Thomas Jefferson* was held erroneous and was replaced by a test of actual navigability. The 1845 Act was upheld as an exercise of admiralty jurisdiction.

The 1845 Act came before the Court again in *Allen v. Newberry*, 62 U.S. (21 How.) 244 (1859), which involved a claim in admiralty for goods lost in the course of transit over Lake Michigan between two Wisconsin ports. The vessel's ultimate destination on the voyage, however, was Chicago, Illinois. The federal district court entertained the suit and dismissed it on the merits. This Court affirmed the dismissal, but on jurisdictional grounds. The 1845 Act extended the admiralty and maritime jurisdiction only to vessels when engaged in commerce between states, not commerce within a state. This particular contract of affreightment had dealt only with carriage between ports in the same state. Meanwhile, however, exclusive federal jurisdiction in admiralty matters arising on inland navigable waters other than the Great Lakes became firmly established under the reinterpretation of section 9 of the 1789 Act announced in *The Genesee Chief. Jackson v. Steamboat Magnolia*, 61 U.S. (20 How.) 296 (1858) (involving a collision on the Alabama River where the vessel's voyage was wholly intrastate); *The Hine v. Trevor*, 71 U.S. (4 Wall.) 555 (1867) (involving a collision on the Mississippi River).[8]

---

[8] *The Hine*, nevertheless, recognized that federal admiralty jurisdiction with regard to the Great Lakes was governed by the 1845 Act. 71 U.S. (4 Wall.) at 569.

The tension between the 1845 Act and the reinterpreted understanding of the 1789 Act was confronted and resolved in *The Eagle*, 75 U.S. (8 Wall.) 15 (1869), which involved an accident on the Detroit River among three vessels moving between Lake Huron and Lake Erie. The libeled vessel challenged jurisdiction on several grounds, one being that the jurisdictional requirements of the 1845 Act were not satisfied. The Court dismissed the challenge and held that admiralty jurisdiction was proper under the 1789 Act, for that was the natural import of *The Genesee Chief*. The 1845 Act, which preceded *The Genesee Chief*, had been intended to expand federal jurisdiction by removing the tide water limitation on admiralty jurisdiction with respect to the Great Lakes in certain classes of cases involving vessels of a specified size. But once *The Genesee Chief* was decided, the 1845 Act had been overtaken, becoming "inoperative and ineffectual as a grant of jurisdiction." 75 U.S. (8 Wall.) at 25. It certainly did not serve as a limitation, with respect to the Great Lakes, of the full scope of admiralty jurisdiction that prevailed under the 1789 Act.

> [A]s it [the 1845 Act] was an act, on the face of it, and as intended, in its purpose and effect, to extend the admiralty jurisdiction to these waters, we cannot, without utterly disregarding the purpose and intent, give effect to it as a limitation or restriction upon it. We must, therefore, regard it as obsolete and of no effect, with the exception of the clause which gives to either party the right of trial by jury when requested . . . .

*Id.*

In like fashion, the 1910 Patent Act, now section 1498(a), has been overtaken by the revised interpretation of the Tucker Act grant of jurisdiction over claims founded upon the Constitution. The 1910 Patent Act was enacted to "add to," "augment," or "enlarge" the Court of Claims' jurisdiction. *See* Pet. App. A8, A9. If patentees were to enjoy the protections of the Fifth Amendment, that addition, augmentation, or

enlargement was necessary, given the constrained interpretation of the Tucker Act grant of jurisdiction over claims founded upon the Constitution that prevailed in 1910. To suggest, as the panel majority did, that Congress instead could have clarified "the dimensions of patent rights as property interests under the Fifth Amendment" is nonsensical. *See id.* at A11. Just as *The Genesee Chief* imparted a new and expansive interpretation of the 1789 Act, so too did *Phelps*, *Jacobs*, and *Causby* give a new and expanded interpretation of the Tucker Act grant of jurisdiction over claims founded upon the Constitution. That expanded interpretation of the Tucker Act renders the 1910 Patent Act just as obsolete as the 1845 Great Lakes admiralty act. To contend otherwise is to sanction an implied partial repeal of the Tucker Act, a result at odds with the very purpose of the 1910 Patent Act and with the teachings of this Court that such implied repeals are disfavored. *See Preseault v. ICC*, 494 U.S. 1, 12-13 (1990); *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1017 (1984). In sum, the Court of Federal Claims' jurisdiction under 1491(a) extends to all claims of government appropriation of a patent that involve conduct constituting infringement under 35 U.S.C. § 271.

## CONCLUSION

For the foregoing reasons, and for the reasons stated in the petition, the petition for a writ of *certiorari* should be granted.

Respectfully submitted,

PHILIP A. NACKE *
FOLEY & LARDNER LLP
3000 K Street, N.W. – Suite 500
Washington, D.C. 20007
(202) 295-4086

* Counsel of Record

*Counsel for Amicus Curiae*
*NanoBusiness Alliance*